

**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, APRIL 25, 2017 – 8:30 A.M.**

BOARD MEMBERS PRESENT: Marsha Bruhn
Monique Claiborne
Kimberly Clayson
Chris Jackson
Jonathan Quarles
Matthew Roling

BOARD MEMBERS ABSENT: Maurice Cox (Ex-Officio)
Linda Forte
John Naglick (Ex-Officio)
William Ritsema
Thomas Stallworth

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** Jon Newton
Timothy Schacht
Marvin Thomas

OTHERS PRESENT: Anthony Askew (DEGC/EDC)
Kyla Carlsen (DEGC/EDC)
Gay Hilger (DEGC/EDC)
Denise Hundley (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Glen Long (DEGC/EDC)
Andrew Lucco (DEGC/EDC)
Sharon Madison (Julian C. Madison Building, LLC)
Rebecca Navin (DEGC/EDC)
Mimi Pledl (DEGC/EDC)
Orza Robertson (DEGC/EDC)
Ayesha Maxwell (DEGC/EDC)



Economic Development Corporation of the City of Detroit

**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, APRIL 25, 2017
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200 - 8:30 A.M.**

CALL TO ORDER

Noting that a quorum was present Vice Chairperson Quarles called the Regular meeting of the Economic Development Corporation Board of Directors to order at 8:35 a.m.

GENERAL

Approval of Minutes

Mr. Quarles asked if there were any additions, deletions or corrections to the minutes of the March 7, 2017 Special Board meeting. Ms. Bruhn noted an error on the first page. Kimberly Clayson, who was absent from the meeting, was listed as both present and absent. With there being no other changes to the minutes, the Board took the following action:

On a motion by Ms. Bruhn, seconded by Mr. Roling, Resolution Code EDC 17-04-02-279 was unanimously approved.

Receipt of Treasurer's Report

Mr. Long reviewed the Treasurer's Report of Receipts and Disbursements for the month of March, 2017 for the benefit of the Board and responded to questions.

Subsequent to a discussion, the Board took the following action:

On a motion by Mr. Jackson, seconded by Mr. Roling, Resolution Code EDC 17-04-03-213 was unanimously approved.

PROJECTS

Waterfront East Development Project, NDC #1 – Jefferson Village Project, Mt. Elliott Wight Development Project--Landscape Services Contract with Payne Landscaping Inc.

Mr. Robertson reported that as part of the East Riverfront, Jefferson Village and Mt. Elliott Projects, the EDC provides landscape maintenance services for various areas within the Project. The boundaries of the East Riverfront Project Area are Woodbridge (north),

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Atwater (south), Jos Campau (east), and Riopelle (west). Jefferson Village Project – the boundaries are Jefferson (north), St. Clair (east), Freud (south) and St. Jean (east). Light House Depot – the project is located on Mt. Elliott (south) of Jefferson (the “Project Area”).

To prepare for the required landscape maintenance, the EDC staff publicly advertised and issued a Request For Proposal (“RFP”) in March 2017 for the performance of area landscape maintenance and vegetation control services in the Project Area. The work entails trash & debris removal, mowing vacant lots, weed control, minor fertilization for the Project Area (“Work”).

Upon reviewing the responses to the RFP, the EDC staff determined that Payne Landscaping Inc. (the “Contractor”) was the most qualified, responsive bidder with a total bid amount of \$20,300.00 for the three (3) Project Areas. The contract is for a one (1) year term, starting May 2017 through November 30, 2017.

East Riverfront	\$ 1,600.00
Jefferson Village	\$16,600.00
Light House Depot	<u>\$ 2,100.00</u>
Total	\$20,300.00

EDC staff therefore recommended that the Board authorize EDC staff to negotiate and enter into an agreement with the Payne Landscaping Inc. for performance of the Work (the “Agreement”) in an amount not-to-exceed Twenty Thousand Three Hundred and 00/100 Dollars (\$20,300.00).

Finally, the EDC staff also recommended an owner’s contingency of \$2,030.00 to manage unforeseen conditions or additional work for the season.

A resolution for each the EDC Waterfront East, EDC Mt. Elliott Wight, and NDC #1 – Jefferson Village was included in the Board material for the Board’s consideration consideration.

Subsequent to a discussion, the Board took the following action:

On a motion by Mr. Jackson, seconded by Mr. Roling, Resolution Codes EDC 17-04-70-66, EDC 17-04-13-96, and EDC 17-04-68-10 were unanimously approved.

Motor City Match Recommendation for Round 7 Business Awards

Mr. Askew advised that on December 1, 2016, the EDC’s Motor City Match program began accepting applications for Round 7 of the Business Owner Application Track. The Business Owner Application Track is for businesses from Detroit and around the world that are looking to start or expand in Detroit. The table below describes the levels of award and qualifications.

Mr. Jackson asked if he could interrupt at this point to ask a question about the MCM Subcommittee and whether it had disbanded. He knows that the last round and this one

they did not meet. Ms. Navin responded that as the Board may recall, a few meetings ago, it adopted a resolution that the committee meetings now will be subject to the Open Meetings Act, which makes it more difficult to find a time to hold a committee meeting as an open meeting with the time constraints of this project and the public announcements. Ms. Navin added that she did not attend the meetings and did not know whether in the past they took place in person or via telephone conference. Mr. Jackson responded that the meetings were in person and he believes the Board adopted a resolution appointing the Subcommittee members and that the Board possibly needs to take formal action disbanding the Subcommittee.

Ms. Bruhn stated that at a future meeting she would like revisit this issue of committees before they are disbanded, because she believes there is a real value to the Board of having the committees.

Mr. Askew reviewed the proposed awards with the Board.

		Awards	Awardees must:
TECHNICAL ASSISTANCE	BUSINESS PLAN	<ul style="list-style-type: none"> • Up to 50 winners • Free business planning class 	<ul style="list-style-type: none"> • A great idea
	SPACE	<ul style="list-style-type: none"> • Up to 25 winners each round • Match making with top real estate • Financial planning assistance 	<ul style="list-style-type: none"> • A great idea • A great business plan
	DESIGN	<ul style="list-style-type: none"> • Up to 7 winners each round • Design/build assistance • Priority permitting • Financial planning assistance 	<ul style="list-style-type: none"> • A great idea • A great business plan • Space secured
FINANCIAL ASSISTANCE	CASH	<ul style="list-style-type: none"> • Up to 10 winners each round • Up to \$100,000 matching grant per winner • Grants match your cash dollar-for-dollar. • \$500,000 in grants per round for building and business owners • Pitch to lending partners for financing 	<ul style="list-style-type: none"> • A great idea • A great business plan • Space secured • A plan for build-out • Funds ready to investment

When applications closed on January 1, 2017, the EDC had received over 220 business applications ("Application"). Motor City Match had previously received over nearly 3,000 applications since the program's inception.

This memorandum and resolution focuses on the selection and recommendation of awardees for:

- "Business Plan" award track receiving business planning assistance

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- "Space" award track receiving site selection assistance
- "Design" award track receiving architectural design, permitting and bidding assistance for pre-development
- "Cash" award track receiving grants and financing assistance

First, staff verified business eligibility based on self-reported data submitted in the application for the following five criteria.

1. The business is incorporated and has a registered EIN and DUNS prior to receiving a grant award
2. The business wishes to locate in Detroit for at least two years
3. The business is majority-owned by a person who is at least 18 years or older
4. The business and all owners are in good standing with the City of Detroit, State of Michigan and IRS, and
5. The business is not part of a franchise.

Second, staff sorted applications into various award tracks and reviewed eligible business applications to determine finalists. A simple thumbs up/thumbs down voting technique was used to narrow the list of eligible applicants to finalists for Business Plan. The other three awards were selected using the 100-point scale detailed below. Finalist applicants were identified as follows:

- "Business Plan" applicants have great business ideas but haven't formulated a business plan yet or need help strengthening their business plans before pursuing space. In total, forty-five (45) Business Plan awardees were selected using the thumbs up/thumbs down voting technique.
- "Space" applicants are actively looking for space. These business applicants are either new business ventures that have a solid business plan or they are existing businesses with a track record of success and a plan to grow it. In total, fifty-seven (57) applicants were evaluated to determine awardees. "Design" applicants have great business plans and have secured a space but need help planning for renovations. In some cases, these businesses are tenants; in other cases, these businesses own the building they plan to open their business in. In total, fourteen (14) Design finalists were selected.
- "Cash" applicants have a location secured, a plan for build-out and strong of understanding of the money needed to start their business and complete renovations at the space. In total, thirty-five (35) Cash finalists were selected.

Third, a team of outside jurors evaluated finalist applications based on five criteria. "Business Plan" applications were initially reviewed by a team of business planning service providers, as well as members of the Motor City Match staff. "Space" finalists were

reviewed by a team of community stakeholders from across various parts of the city and "Design" and "Cash" finalists were reviewed by a team of business leaders and lenders. "Business Plan" applications were only scored using the thumbs up/thumbs down voting technique after reviewing the five criteria. "Space", "Design", and "Cash" applications were scored on a scale of 1-100. Each of the five criteria is worth 20 points to contribute to the 100-point score. Selection criteria are as follows:

1. Vision and plan;
2. Experience
3. Market support
4. Community support
5. Leverage

Finally, "Cash" finalists were required to submit supplemental information as follows.

"Cash" finalists submitted comprehensive financial information, including a standard loan application and personal financial statement. Motor City Match staff compiled this supplemental information to determine the financial need, equity investment and "financial gap" for each business. Next, Motor City Match staff met with a team of six local Community Development Financial Institution (CDFI) lending partners on March 28, 2017, to determine grant and loan investment required to fill the "financial gap" on each project. CDFI partners include Invest Detroit, Detroit Development Fund, Capital Impact Partners, LISC, Michigan Women's Foundation and Detroit Micro-Enterprise Fund. CDFI partners made commitments to explore lending the balance of the financial gap based on recommended grant investment from Motor City Match. Motor City Match staff used lender interest, participant scores, supplemental information and readiness to accept additional investment to determine "Cash" awardees and associated grant investment.

Finally, staff compiled juror scores to identify top ranking candidates for awards.

EDC staff recommended:

- Forty-five (45) "Business Plan" awardees for business planning were presented in Exhibit A which was attached to the memorandum.
- Twenty-Seven (27) "Space" awardees for site selection were presented in Exhibit B to the memorandum.
- Seven (7) "Design" awardees were presented in Exhibit C to the memorandum.
- Thirteen (13) "Cash" awardees are to receive a total of \$500,000 in grant investment, as described on Exhibit D to the memorandum.

EDC staff anticipates contracting with independent business planning service providers to deliver business planning training. EDC anticipates that Build Institute and LifeLine will provide business planning training for up to 50 Round 7 Motor City Match "Business Plan" awardees.

EDC staff will facilitate one-on-one match making between top ranking businesses and building owners recognized as "Space" awardees. Match making services will include open houses and networking sessions between business owners and building owners. In addition, technical assistance will include expert guidance on leasing, financial planning and assessing market opportunities.

EDC staff will hire contractual professional architect, engineering and construction providers to deliver design-build assistance to "Design" awardees. The EDC has approved four (4) design-build independent contractors to provide pre-development design services for seven (7) Round 7 Motor City Match "Design" awardees.

The EDC will enter into grant agreements with Round 7 Motor City Match "Cash" awardees and facilitate introductions to lending partners to pursue gap financing through these independent sources.

A resolution approving the staff's recommendations of "Business Plan", "Space" and "Design" awardees and recommending to the Board staff's recommendation of "Cash" awardees was included with the Board material for consideration.

Ms. Bruhn suggested that examining the zoning of the property be a part of the due diligence process.

Ms. Bruhn also asked if they look at concentration and trying to get diversity in the area before supporting a business. She noted that there are several hair salons ~~on the list in the area~~. Mr. Askew responded that there is a committee that reviews the applications. Ms. Jensen clarified that there is a group of judges that review the applications. Generally, two or three staff vote, and the vast majority of the voting on the applications is the lending partners--Invest Detroit, LISC, Michigan Women's Foundation, Detroit Development Fund, Capital Impact Partners—and some people from the homeowners' associations.

Mr. Roling asked about the retail study and if there is a report available yet. Ms. Carlsen responded that the first report is due the end of May and that the study will be complete by the end of the year. It was agreed by the Board that the report will be provided to it in June and another update in October.

Ms. Claiborn asked what was the status on cash disbursements made on previous rounds. Mr. Askew replied that they are at about 55 percent of the total funds committed and will present a report on the dollar amount at the next meeting.

Subsequent to the discussion, the Board took the following action:

On a motion by Mr. Jackson, seconded by Ms. Claiborne, Resolution Code EDC 17-04-91-42 was unanimously approved.

Motor City Match Recommendation for Round 7 Building Awards

Mr. Askew reported that on December 1, 2016, the EDC's Motor City Match program began accepting applications from interested building owners for Round 7 of the Building Application Track ("Round 7"). The Building Application Track is for Detroit property owners with a vacant space looking for quality new tenants. Awards include pre-development assistance, marketing and tenant recruiting. Properties that are matched with businesses are considered for grants, financing and priority permitting. The table below describes the levels of award and qualifications.

		Awards	Awardees must:
TECHNICAL ASSISTANCE	SPACE	<ul style="list-style-type: none"> Listed as an available property viewable by hundreds of Business Competition candidates. Top 25 scoring buildings will be marketed as a “top destination for new business” Pre-development building assessment Matchmaking with top businesses 	<ul style="list-style-type: none"> Be current and compliant Judged most feasible for business
	DESIGN	<ul style="list-style-type: none"> Up to 7 awardees each round across both the building and business tracks Design/build assistance Priority permitting Financial planning assistance 	<ul style="list-style-type: none"> Be current and compliant Judged most feasible for business Have a tenant secured
FINANCIAL ASSISTANCE	CASH	<ul style="list-style-type: none"> Up to 10 awardees each round across both the building and business tracks Up to \$100,000 matching grant per winner \$500,000 in grants per round for building and business owners Pitch to lending partners for financing 	<ul style="list-style-type: none"> Be current and compliant Judged most feasible for business Have a tenant secured Have a plan for building renovations Have funds ready for investment

When applications closed on January 1, 2017, the EDC had received forty-three (43) applications (“Application”) for spaces across the city of Detroit. An Application typically refers to a single tenantable space within a property. One property may have submitted multiple Applications and the properties may have previously matched but have leaseable space.

Staff completed the following due diligence and evaluation process:

- Verified that the space referenced in the Application is current and compliant on property taxes, tickets, and water bills.
- Conducted a professional building assessment.

Each Application was evaluated and scored on a scale of 1-100 as follows:

- Each of the following factors contributed up to 20 points: (1) Building characteristics and vision; (2) Building conditions; (3) Community and market support; (4) Leverage; and (5) Compliance.
- Evaluations were conducted both by EDC staff and a community review panel organized by City Council district.
- EDC staff and community panel scores were averaged together to achieve the final score for building characteristics and vision, community and market support, and leverage.

- The score for building conditions was derived directly from the professional building assessment conducted by PSI, as well as self-reported data from the property owner.
- The score for compliance was derived based on the payment of taxes, water bills, and tickets.

The selection process is described in greater detail in Section 6 of the Motor City Match Building Owner Guidelines.

The results of the due diligence and evaluation process are the following:

- Of the forty-three (43) applications considered for Round 7, seventeen (17) applications were deemed ineligible because of condition or compliance. In total, twenty-six (26) eligible Building Applications were considered for Round 7 awards.
- Eighteen (18) building applications indicated they had space available for lease. These building owners are recommended to receive “Space” awards to assist with marketing their property and recruiting tenants.
- The remaining eligible applicants indicated that they had a tenant secured and no additional space to lease, or had been awarded “Space” in a former round. This makes these applicants eligible for consideration for “Design” or “Cash” awards in partnership with their tenants.
- Based on eligible applications and review of scores, EDC staff recommended the following Round 7 Building Owner Awards:
 - **Space awards.** Eighteen (18) properties are recommended to receive Space awards as presented in Exhibit A to the memorandum, which included marketing, a professional building assessment, real estate tours and other matchmaking activities with top Motor City Match business applicants. These top scoring buildings are recommended to receive “Top Property” designation to assist with marketing and tenant recruiting.
 - **Design Awards.** Seven (7) properties are recommended to receive “Design” awards in partnership with their tenants presented in Exhibit B, which includes architectural technical assistance for tenant build-out and building renovations.¹.

EDC staff requested that the Board accept the recommended results of the Round 7 Building Application evaluation process and “Space” and “Design” awards.

A resolution is attached for the Board’s consideration.

¹ The “Design” award provides construction drawings for building improvements needed to accommodate the business (whether that business owns or leases the property). Therefore, this award is issued to the business. In the event that the landlord is contributing to tenant improvements, building owners may also benefit from “Design” award architectural services, therefore they are listed here for EDC Motor City Match Committee consideration.

On a motion by Mr. Jackson, seconded by Ms. Claiborne, Resolution Code EDC 17-04-91-43 was unanimously approved.

Small Business and Commercial Corridor Revitalization Program: Space Awardee Education

Mr. Lucco reported that the Economic Development Corporation (EDC) of the City of Detroit currently administers programs to revitalize Detroit's commercial corridors and grow neighborhood business investment using Community Development Block Grant ("CDBG") funds from the City of Detroit. The EDC entered into a subrecipient agreement with the City (Contract #2899173) to manage and implement these programs for a term ending December 31, 2017.

The first part of this initiative is Motor City Match, which connects new or expanding businesses with Detroit's vacant commercial real estate. The program provides competitive grants, loans and counseling to both building owners and business owners through a quarterly application process.

In 2017, through feedback from architect technical assistance providers and other community partners, staff identified the need for additional education for business owners in the SPACE award (formerly "Make a Match") category. Careful selection of location, building square footage, financial preparation to occupy a bricks and mortar location is needed for small businesses to thrive. Staff anticipates that new education will follow a format similar to the technical assistance provided for Business Plan awardees.

Staff solicited bid proposals on February 2, 2017, for small business technical assistance for the "Space" awards for Motor City Match. The basis for EDC contract awards were based on federal procurement policies set forth in 24 CFR 85.36. More specifically, this solicitation was made pursuant the "small purchase procedure" method of procurement per 24 CFR 85.36(d)1.

EDC staff received four (4) proposals to the RFP solicited on February 2, 2017. Respondents are as follows:

- Downtown Detroit Partner – fiduciary for
Build Institute
2701 Bagley Ave
Detroit, MI 48226
- Wayne State Research and Technology Park in the City of Detroit
TechTown Detroit
440 Burroughs Street
Detroit, MI 48202
- Hamilton-Anderson Associates
1435 Randolph Street #200
Detroit, MI 48226

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- Chase Great Enterprises, LLC
18121 E. 8 Mile Rd.
Eastpointe, MI 48021

Staff determined that the first three (3) respondents listed above were responsive to the RFP and pricing analysis was completed. It was determined that the HHA proposal, while indicative of deep knowledge and experience in the subject matter, was more extensive than required and exceeded the budget estimate for this expenditure. The two remaining respondents were equal in per student pricing, but one offered a multi-week course rather than a one day workshop. Since this is the first provision of this information to MCM Space Awards, staff elected to contract with the two (2) service providers to test program interest and to provide program participants with choice for a more information in a multi-week format or an interactive one-day workshop experience. The selection of both providers will meet the need of educating up to two hundred (200) entrepreneurs per year on the basics of real estate selection and planning.

The EDC staff, per the resolution EDC 03-09-01-82 authorizing delegation of authority, has approved a Professional Services Agreement with the Downtown Detroit Partnership, the fiduciary of Build Institute ("DDP/Build") in an amount that will not-to-exceed Twenty Thousand and 00/100 (\$20,00.00) to provide 3-week space planning courses for four (4) additional rounds of Motor City Match in 2017. DDP/Build will provide courses for up to twenty-five (25) students per quarter for a cost of Four Thousand Six Hundred Eighty-Seven and 50/100 (\$5,000.00) per quarter for a total annual not-to-exceed amount of Eighteen Thousand Seven Hundred Fifty and 00/100 (\$20,000.00) in 2017. A notice to proceed will be issued at the beginning of each round to ensure that sufficient demand exists for the courses and resources are adequately managed.

Further, the EDC staff, per the resolution EDC 03-09-01-82 authorizing delegation of authority, has also approved a Professional Services Agreement with the Wayne State Research and Technology Park in the City of Detroit, also known as TechTown Detroit, ("TechTown"), in an amount not-to-exceed Ten Thousand and 00/100 (\$10,000.00) to provide one-day space planning workshop for four (4) additional rounds of Motor City Match in 2017.

TechTown will provide courses for up to twenty-five (25) students per session in seven (7) sessions for Motor City Match Space awardees and Detroit-based entrepreneurs in both English and Spanish for a cost of Two Thousand Five Hundred and 00/100 (\$2,500.00) per quarter for a total annual not-to-exceed amount of Ten Thousand and 00/100 (\$10,000.00) in 2017. A notice to proceed will be issued at the beginning of each round to ensure that sufficient demand exists for the courses and resources are adequately managed.

A scope of services for both providers was attached to the memorandum.

This report was for the Board's information only and no action was taken by the Board.

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Julian C. Madison Building, LLC – Casino Loan Program – Resident Fund

Ms. Hundley advised that the Julian C. Madison Building (JCMB) is a 62,128 sq. ft. office building located at 1420 Washington Boulevard. The historic 7-story building was built in 1909. Julian C. Madison purchased the building and an adjacent parking lot in 1987, partially with funds from the Downtown Development Authority. The building has been and is one of the main anchors of viability along Washington Boulevard for almost 30 years. It remains one of the few buildings owned by an African American woman in Downtown Detroit.

The JCMB is managed by Sharon Madison through a sole member LLC. (Julian C. Madison Building, LLC). She is a 3rd generation businesswoman in a company started by her grandfather, Robert Madison, the first registered black engineer in the state of Ohio. His sons, Julian, Robert and Bernard, architects, expanded the firms Madison, Madison International and M2 International into over 25 states. Sharon Madison played a lead role in designing and managing over \$5 billion in construction projects. Julian Madison passed away in 1989 and left the JCMB solely to Sharon Madison. Sharon Madison has an Undergraduate degree from the University of Michigan in Art History and a Master's degree from the College Architecture and Urban Planning. She has also served the people of Detroit by participating on numerous governing boards such as the Downtown Development Authority, Detroit Economic Growth Corporation and the National Women's Business Council. Her vision for the JCMB involved creating a physical legacy to the pioneering entrepreneurial spirit of her grandfather and father.

The building has housed various office tenants down thru the years. The City of Detroit occupied the majority floors of the building from 2000 until 2013. The tenants were Detroit Water & Sewage Department (DWSD) and Detroit Transportation Company for the People Mover (DTC). In 2010 DWS moved out of the property and in 2013 DTC moved out. The tenants represented 80% of the rentable space of the building. The moves took place in the middle of the economic financial downturn and Detroit's bankruptcy, thus creating major challenges and changes for the property. Sharon Madison and family used their own cash to keep the building viable. Madison overcame and in 2013 sought relief and financing from Invest Detroit. The financing provided funds to initiate several building performance improvements. The improvements were based on energy cost data from a 3rd party analysis provided by Kenco Energy Services. The improvements would reestablish the viability of the building, thus ultimately restoring it to its best use and generating cash flow. Madison also engaged the services of Avison Young Real Estate Brokers to attract new tenants. Most of the current leases were signed in 2015 and 2016, significant tenants have been added, resulting in significant lease income.

The first floor of the building houses Level One Bank. It is one of the fastest growing banks and has chosen to house its first location in JCMB; it serves as the anchor tenant. Painting with a Twist, another tenant, is the 3rd franchise owned by Michelle and Donna Lewis. The other two franchise locations are in Farmington and Ferndale. Bamboo Detroit is one of the newest tenants. They have expanded from another downtown location and bring over 100 entrepreneurs as one of Detroit's premier co-working communities. JCMB is also a Motor City Match building, which has increased inquiries for space. The first, third & sixth floors are a 100% leased. JCMB has been updated but needs further revitalization to be that entrepreneurial hub that will continue to attract a diverse tenant base. Total restoration, revitalization and full lease capacity is the ultimate goal of JCMB,

LLC. They have now approached Economic Development Corporation, (EDC) for financial assistance in achieving their goals.

In January 2017, the building suffered water damages, that will necessitate additional renovations. It was caused from the fire suppression system on the 6th floor. The water ran from the 6th floor down into the basement affecting areas on all 6 floors as well as the basement. It also damaged both elevators taking them out of service. Madison filed an insurance claim, but also requires additional funding to fully complete all repairs.

Assistance has been requested from the EDC Casino Loan program designed for Detroit resident ventures. The funds will be used to assist in the further remodeling, restoration and build-out of JCMB. Major needs for the building include but are not limited to, energy efficiencies, tenant and common area improvements. Invest Detroit will again serve the needs of JCMB, LLC and partner with EDC. The Borrower is also seeking a permanent lender to refinance all debt. The Borrower is speaking with Level One, Independence and PNC banks. Independence Bank has currently expressed a strong interest.

At a time when most property owners were vacating downtown through bankruptcy, foreclosure and short sales, Madison stood firm and maintained the property ownership. Sharon Madison overcame financial and other challenges and sought relief to revitalize the building and thus build the tenant base. JCMB is currently 80% leased and showing positive cash flow. Avison Young continues to market the building and is confident the building will reach full occupancy. The JCMB building as completed appraises at \$4,500,000.00, which covers the EDC and Invest Detroit debt. JCMB is one of the few buildings owned by an African American woman in Downtown Detroit. JCMB, LLC will seek permanent financing to pay off the EDC and Invest Detroit debt. EDC as a financing partner finds it practical to participate in the revitalization of the Julius Madison building. Please find below sources and uses, terms of loan and debt service analysis:

Sources

Equity	\$668,378
Water Damage Claim Proceeds	239,000
EDC	750,000
Invest Detroit	<u>700,000</u>
TOTAL	\$2,357,378

Uses

TI Improvements	\$712,000
Roof repairs	25,000
RFID System	57,000
Hvac, Boiler & Steam Trap R&R	650,000
Exterior repairs	95,000
IT Infrastructure	26,878
Storefront	45,000
Restoration & Repairs from water damage	239,000
Restrooms fixtures & plumbing	45,000
Electrical upgrades	20,000
Parking lot repairs	15,000
Working Capital/Cont.& Int. Reserve	<u>427,500</u>
TOTAL	\$2,357,378

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Proposed Terms and Conditions:

Loan Amount:	\$750,000
Interest Rate:	6%
Term:	3 years
Amortization:	20 yrs., 12 mths. int. only; thereafter P&I for 24 mths.
Security:	Shared 2 nd Mortgage with Invest Detroit on 1420 Washington Boulevard, subordinate only to an existing Mortgage of \$880,000, Shared 2 nd position all asset UCC filing & Personal Guaranty of Sharon Madison
Additional Conditions:	Approval of Invest Detroit loan, all other member related notes payable to be subordinated, no other loans without EDC approval and receipt, review and approval of any and all <u>information requested by EDC staff.</u>

Debt Service Analysis:

	<u>2018</u>	<u>2019</u>
Gross Income	\$816,099	\$840,582
Less vacancy amt. (5%)	<u>40,805</u>	<u>42,029</u>
Gross Operating Income	\$775,294	\$798,553
Total expenses	\$453,700	\$404,665
Net Income	\$321,594	\$393,888
Cash for Debt Service	\$321,594	\$393,888
EDC Debt Service 6%, 20 yr. amortization Int only 1st yr., thereafter P&I (\$5,373.23)	45,000	64,479
Invest Detroit Debt Service 7%, 20 yr., amortization Int only 1st yr., thereafter P&I (\$5,427.09)	49,000	65,125
Invest Detroit Debt Service P&I (\$6,304.59)	<u>75,655</u>	<u>75,655</u>
	\$169,655	\$205,259
Debt Coverage Ratio	1.89	1.91

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Subsequent to a discussion, the Board took the following action:

On a motion by Mr. Jackson, seconded by Ms. Clayson, Resolution Code EDC 17-04-74-37 was unanimously approved.

ADMINISTRATION

OTHER MATTERS

Ms. Kanalos advised that she was prepared to make a presentation, as requested by Mr. Stallworth at the last meeting, on Senate Bills 111 through 113 regarding Brownfields. Because Mr. Stallworth is absent, Ms. Kanalos suggested that her presentation be postponed until a later date. The Board agreed.

Mr. Roling reminded staff that he had requested a DEGC organizational chart at the last meeting. Mr. Long apologized and stated that he thought it would be part of the overall presentation at the fiscal year end and said he would get it to the Board.

PUBLIC COMMENT

ADJOURNMENT

With there being no other business to come before the Board, Vice Chairperson Quarles adjourned the Regular meeting at 9:20 a.m.